



General Assembly

January Session, 2001

Raised Bill No. 1182

LCO No. 3615

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING VARIOUS TAX LAWS ADMINISTERED BY
THE DEPARTMENT OF REVENUE SERVICES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 12-15 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (d) (1) The commissioner may, upon request, verify whether or not
4 any license, permit or certificate required under the provisions of this
5 title to be conspicuously displayed has been issued by [him] the
6 commissioner to any particular person.

7 (2) The commissioner may make public names and mailing
8 addresses for purposes of notifying persons entitled to tax refunds
9 when the commissioner, after reasonable effort and lapse of time, has
10 been unable to locate such persons.

11 Sec. 2. Subparagraph (K) of subdivision (6) of subsection (a) of
12 section 12-218b of the general statutes is repealed and the following is
13 substituted in lieu thereof:

14 (K) (i) Any person described in subparagraph (J) of this subdivision

15 may submit a petition in writing to the commissioner for permission to
16 apportion its income without regard to the provisions of this section
17 [upon such person proving] not later than sixty days prior to the due
18 date of the return to which the petition applies, determined with
19 regard to any extension of time for filing such return, and said
20 commissioner shall grant or deny such permission before said due
21 date. The commissioner shall grant such permission only in the event
22 that the petitioner has proved, by clear and convincing evidence, that
23 the income-producing activity of [such person] the petitioner is not in
24 substantial competition with a financial service company without
25 regard to subparagraph (I) of this subdivision.

26 (ii) Any person may submit a petition in writing to the
27 commissioner for permission to apportion its income in accordance
28 with the provisions of this section [upon such person proving] not later
29 than sixty days prior to the due date of the return to which the petition
30 applies, determined with regard to any extension of time for filing
31 such return, and said commissioner shall grant or deny such
32 permission before said due date. The commissioner shall grant such
33 permission only in the event that the petitioner has proved, by clear
34 and convincing evidence, that the income-producing activity is
35 substantially similar to the income-producing activities of a financial
36 service company without regard to subparagraph (I) of this
37 subdivision.

38 Sec. 3. Subsection (c) of section 12-218c of the general statutes is
39 repealed and the following is substituted in lieu thereof:

40 (c) (1) The adjustments required in subsection (b) of this section
41 shall not apply if [the] a corporation submits a petition in writing that
42 establishes by clear and convincing evidence that the adjustments are
43 unreasonable, or the corporation and the Commissioner of Revenue
44 Services agree in writing to the application or use of an alternative
45 method of apportionment under section 12-221a. The corporation shall
46 be required to submit such petition to the commissioner not later than

47 sixty days prior to the due date of the return to which such petition
48 applies, determined with regard to any extension of time for filing
49 such return, and said commissioner shall decide before said due date
50 whether or not such adjustments are required. Nothing in this
51 subdivision shall be construed to limit or negate the commissioner's
52 authority to otherwise enter into agreements and compromises
53 otherwise allowed by law.

54 (2) The adjustments required in subsection (b) of this section shall
55 not apply to such portion of interest expenses and costs and intangible
56 expenses and costs that [the] a corporation can establish, by the
57 preponderance of the evidence, [meets both of the following: (A) The]
58 that (A) a related member during the same income year directly or
59 indirectly paid, accrued or incurred such portion to a person who is
60 not a related member, and (B) the transaction giving rise to the interest
61 expenses and costs or the intangible expenses and costs between the
62 corporation and the related member did not have as a principal
63 purpose the avoidance of any portion of the tax due under chapter 208.
64 The corporation shall be required to submit such evidence in writing to
65 the commissioner not later than sixty days prior to the due date of the
66 return to which such submission applies, determined with regard to
67 any extension of time for filing such return, and said commissioner
68 shall decide before said due date whether or not such adjustments are
69 required.

70 (3) The adjustments required in subsection (b) of this section shall
71 apply except to the extent that increased tax, if any, attributable to such
72 adjustments would have been avoided if both the corporation and the
73 related member had been eligible to make and had timely made the
74 election to file a combined return under subsection (a) of section 12-
75 223a.

76 Sec. 4. Subsections (b) to (e), inclusive, of section 12-222 of the
77 general statutes are repealed and the following is substituted in lieu
78 thereof:

79 (b) (1) Such return shall be due on or before its original due date.
80 Except as otherwise provided in subdivision (2) of this subsection, the
81 original due date of a return, for purposes of this section, shall be the
82 first day of the fourth month next succeeding the end of the income
83 year. [, or, in the case of an S corporation, on or before the fifteenth day
84 of the fourth month next succeeding the end of the income year.]

85 (2) If a company becomes or ceases to be a member of a federal
86 consolidated income tax return group, the original due date of its
87 return, for purposes of this section, for the portion of its income year
88 for which its income is not included in such federal consolidated
89 return shall be the first day of the month next succeeding the month
90 during which its separate federal return is due in accordance with
91 Section 1.1502-76 of Title 26 of the Code of Federal Regulations.

92 (c) The commissioner may grant a reasonable extension of time for
93 filing a [completed] return, if the company files a tentative return and
94 application for extension of time in which to file a [completed] return,
95 on forms furnished or prescribed by the commissioner, and pays the
96 tax reported to be due on such tentative return on or before the [first
97 day of the fourth month next succeeding the end of the income year,
98 or, in the case of an S corporation, on or before the fifteenth day of the
99 fourth month next succeeding the end of the income year] original due
100 date of the return, as defined in subsection (b) of this section. Any
101 additional tax which may be found to be due on the filing of the return
102 as allowed by such extension shall bear interest at the rate of one per
103 cent per month or fraction thereof from the original due date of [such
104 tax] the return to the date of actual payment. Notwithstanding the
105 provisions of section 12-229, if the commissioner grants a reasonable
106 extension of time for filing a completed return, no penalty shall be
107 imposed on account of any failure to pay the amount of tax reported to
108 be due on a return within the time specified under the provisions of
109 this chapter if the excess of the amount of tax shown on the return over
110 the amount of tax paid on or before the original due date of such
111 return is no greater than ten per cent of the amount of tax shown on

112 such return, and any balance due shown on such return is remitted
113 with such return on or before the extended due date of such return.

114 (d) In any case in which the commissioner believes that it would be
115 advantageous [to him in] for the computation of the tax as imposed by
116 this part, such state return shall be accompanied by a true copy of the
117 last income tax return, if any, made to the Internal Revenue Service.

118 (e) The amount of tax reported to be due on such return or tentative
119 return shall be due and payable on or before the [first day of the fourth
120 month next succeeding the end of the income year, or, in the case of an
121 S corporation, on or before the fifteenth day of the fourth month next
122 succeeding the end of the income year] original due date of the return,
123 as defined in subsection (b) of this section.

124 Sec. 5. Subdivision (2) of subsection (c) of section 12-223a of the
125 general statutes is repealed and the following is substituted in lieu
126 thereof:

127 (2) If the method of determining the combined measure of such tax
128 in accordance with this subsection for two or more affiliated
129 companies validly electing to file a combined return under the
130 provisions of subsection (a) of this section is deemed by such
131 companies to unfairly attribute an undue proportion of their total
132 income or minimum tax base to this state, said companies may submit
133 a petition in writing to the Commissioner of Revenue Services for
134 approval of an alternate method of determining the combined measure
135 of their tax not later than sixty days prior to the due date of the
136 combined return to which the petition applies, determined with regard
137 to any extension of time for filing such return, and said commissioner
138 shall grant or deny such approval before said due date. In deciding
139 whether or not the companies included in such combined return
140 should be granted approval to employ the alternate method proposed
141 in such petition, the Commissioner of Revenue Services shall consider
142 approval only in the event that the petitioners have clearly established
143 to the satisfaction of said commissioner that all the companies

144 included in such combined return are, in substance, parts of a unitary
145 business engaged in a single business enterprise and further that there
146 are substantial intercorporate business transactions among such
147 included companies.

148 Sec. 6. Section 12-285 of the general statutes is repealed and the
149 following is substituted in lieu thereof:

150 (a) When used in this chapter, unless the context otherwise requires;
151 []

152 (1) ["person"] "Person" means any individual, firm, fiduciary,
153 partnership, corporation, limited liability company, trust or
154 association, however formed;

155 (2) ["distributor"] "Distributor" means [(1)] (A) any person in this
156 state engaged in the business of manufacturing cigarettes; [(2)] (B) any
157 person, other than a buying pool, as defined herein, who purchases
158 cigarettes at wholesale from manufacturers or other distributors for
159 sale to licensed dealers, and who maintains an established place of
160 business, including a location used exclusively for such business,
161 which has facilities in which a substantial stock of cigarettes and
162 related merchandise for resale can be kept at all times, and who sells at
163 least seventy-five per cent of such cigarettes to retailers who, at no
164 time, shall own any interest in the business of the distributor as a
165 partner, stockholder or trustee; [(3)] (C) any person operating five or
166 more retail stores in this state for the sale of cigarettes who purchases
167 cigarettes at wholesale for sale to dealers but sells such cigarettes
168 exclusively to retail stores such person is operating; [(4)] (D) any
169 person operating and servicing twenty-five or more cigarette vending
170 machines in this state who buys such cigarettes at wholesale and sells
171 them exclusively in such vending machines. If a person qualified as a
172 distributor in accordance with this [subdivision] subparagraph, in
173 addition sells cigarettes other than in vending machines, such person
174 shall be required to be qualified as a distributor in accordance with
175 [subdivision (2) of this section] subparagraph (B) of this subdivision

176 and have an additional distributor's license for purposes of such other
 177 sales; ~~[(5)]~~ (E) any person who imports into this state unstamped
 178 cigarettes, at least seventy-five per cent of which are to be sold to
 179 others for resale; ~~and [(6)]~~ (F) any person operating storage facilities for
 180 unstamped cigarettes in this state;

181 (3) ~~["cigarette"]~~ "Cigarette vending machine" means a machine used
 182 for the purpose of automatically merchandising packaged cigarettes
 183 through the insertion of the proper amount of coins therein by the
 184 purchaser, but does not mean a restricted cigarette vending machine;

185 (4) ~~["restricted"]~~ "Restricted cigarette vending machine" means a
 186 machine used for the dispensing of packaged cigarettes which
 187 automatically deactivates after each individual sale, cannot be left
 188 operable after a sale and requires, prior to each individual sale, a face-
 189 to-face interaction or display of identification between an employee of
 190 the area, facility or business where such machine is located and the
 191 purchaser;

192 (5) ~~["dealer"]~~ "Dealer" means any person other than a distributor
 193 who is engaged in this state in the business of selling cigarettes,
 194 including any person operating and servicing fewer than twenty-five
 195 cigarette vending machines; ~~[who shall be classified herein as a~~
 196 ~~vending machine dealer;]~~

197 (6) ~~["licensed"]~~ "Licensed dealer" means a dealer licensed under the
 198 provisions of this chapter;

199 (7) ~~["stamp"]~~ "Stamp" means any stamp authorized to be used under
 200 this chapter by the Commissioner of Revenue Services and includes
 201 [impressions made by metering machines authorized to be used under
 202 the provisions of section 12-299] heat-applied decals;

203 (8) ~~["sale"]~~ "Sale" or "sell" includes or applies to gifts, exchanges and
 204 barter; and

205 (9) ~~["buying"]~~ "Buying pool" means and includes any combination,

206 corporation, association, affiliation or group of retail dealers operating
207 jointly in the purchase, sale, exchange or barter of cigarettes, the profits
208 from which accrue directly or indirectly to such retail dealers,
209 provided any person holding a distributor's license issued prior to
210 June 29, 1951, shall be deemed to be a distributor within the terms of
211 this section.

212 (b) For the purposes of part I and part II only of this chapter: [.]

213 (1) ["cigarette"] "Cigarette" means and includes (A) any roll for
214 smoking made wholly or in part of tobacco, irrespective of size or
215 shape and irrespective of whether the tobacco is flavored, adulterated
216 or mixed with any other ingredient, where such roll has a wrapper or
217 cover made of paper or any other material, except where such wrapper
218 is wholly or in the greater part made of tobacco and such roll weighs
219 over three pounds per thousand, provided, if any roll for smoking has
220 a wrapper made of homogenized tobacco or natural leaf tobacco, and
221 the roll is a cigarette size so that it weighs three pounds or less per
222 thousand, such roll is a cigarette and subject to the tax imposed by part
223 I and part II of this chapter; and (B) each nine one-hundredths of an
224 ounce of roll-your-own tobacco;

225 (2) ["unstamped"] "Unstamped cigarette" means any package of
226 cigarettes to which the proper amount of Connecticut cigarette tax
227 stamps [or impressions] have not been affixed; and

228 (3) "Roll-your-own tobacco" means any tobacco which, because of its
229 appearance, type, packaging or labeling, is suitable for use and likely
230 to be offered to, or purchased by, consumers as tobacco for making
231 cigarettes.

232 Sec. 7. Subsection (d) of section 12-295a of the general statutes is
233 repealed and the following is substituted in lieu thereof:

234 (d) If said commissioner finds, after a hearing, that any owner of an
235 establishment in which a cigarette vending machine or restricted

236 cigarette vending machine is located has sold, given or delivered
 237 cigarettes or tobacco products from any such machine to a minor other
 238 than a minor who is delivering or accepting delivery in [his] such
 239 minor's capacity as an employee, or has allowed cigarettes or tobacco
 240 products to be sold, given or delivered to such minor from any such
 241 machine, said commissioner shall assess such [dealer or distributor]
 242 owner a civil penalty of two hundred fifty dollars for the first violation
 243 and five hundred dollars for a second violation within eighteen
 244 months. For a third violation within eighteen months, such [dealer or
 245 distributor] owner shall be assessed a civil penalty of five hundred
 246 dollars and any such machine shall be immediately removed from
 247 such establishment and no such machine may be placed in such
 248 establishment for a period of one year following such removal.

249 Sec. 8. Section 12-330a of the general statutes is repealed and the
 250 following is substituted in lieu thereof:

251 As used in this chapter: (1) "Commissioner" means the
 252 Commissioner of Revenue Services; (2) "tobacco products" means
 253 cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut,
 254 ready rubbed and other smoking tobacco, snuff tobacco products,
 255 cavendish, plug and twist tobacco, fine cut and other chewing
 256 tobaccos, shorts, refuse scraps, clippings, cuttings and sweepings of
 257 tobacco and all other kinds and forms of tobacco, prepared in such
 258 manner as to be suitable for chewing or smoking in a pipe or otherwise
 259 or for both chewing and smoking, but shall not include any cigarette,
 260 as defined in section 12-285, as amended by this act, or any roll-your-
 261 own tobacco, as defined in section 12-285, as amended by this act; (3)
 262 "distributor" means [(1)] (A) any person in this state engaged in the
 263 business of manufacturing tobacco products, [(2)] (B) any person who
 264 purchases tobacco products at wholesale from manufacturers or other
 265 distributors for sale, or [(3)] (C) any person who imports into this state
 266 tobacco products, at least seventy-five per cent of which are to be sold;
 267 (4) "unclassified importer" means any person, other than a distributor,
 268 who imports, receives or acquires tobacco products from outside this

269 state for use or consumption in this state; (5) "sale" or "sell" includes or
270 applies to gifts, exchanges and barter; (6) "wholesale sales price"
271 means, in the case of a manufacturer of tobacco products, the price set
272 for such products or, if no price has been set, the wholesale value of
273 such products, and, in the case of a distributor who is not a
274 manufacturer of tobacco products, the price at which the distributor
275 purchased such products, and, in the case of an unclassified importer
276 of tobacco products, the price at which the unclassified importer
277 purchased such products; and (7) "snuff tobacco products" means only
278 those snuff tobacco products that have imprinted on the packages the
279 designation "snuff" or "snuff flour", or the federal tax designation "Tax
280 Class M", or both.

281 Sec. 9. Section 12-330c of the general statutes is repealed and the
282 following is substituted in lieu thereof:

283 (a) (1) A tax is imposed on all tobacco products held in this state by
284 any person. [, said tax to be] Except as otherwise provided in
285 subdivision (2) of this subsection with respect to the rate of tax on
286 snuff tobacco products, the tax shall be imposed at the rate of twenty
287 per cent of the wholesale sales price of such products.

288 [(2) A tax is imposed on all snuff tobacco products held in this state
289 by any person, said tax to be imposed as follows:]

290 (2) The tax shall be imposed on snuff tobacco products, on the net
291 weight as listed by the manufacturer, as follows: Forty cents per ounce
292 of snuff and a proportionate tax at the like rate on all fractional parts of
293 an ounce of snuff. [For purposes of this subsection, the tax on snuff
294 tobacco products shall be computed on the net weight as listed by the
295 manufacturer.]

296 (b) Said tax shall be imposed on the distributor or the unclassified
297 importer at the time the tobacco product [or snuff tobacco product] is
298 manufactured, purchased, imported, received or acquired in this state.

299 (c) Said tax shall not be imposed on any tobacco products [or snuff
300 tobacco products] which (1) are exported from the state, or (2) are not
301 subject to taxation by this state pursuant to any laws of the United
302 States.

303 Sec. 10. Section 12-407a of the general statutes is repealed and the
304 following is substituted in lieu thereof:

305 (a) The rendering of telecommunications service shall be subject to
306 tax under this chapter as a sale, for purposes of subdivision (k) of
307 subsection (2) of section 12-407 when such service is (1) (A) originated
308 in this state and terminated in this state, (B) originated in this state and
309 terminated outside this state and with respect to which such service is
310 charged to a telephone number, customer or account located in this
311 state or to the account of any transmission instrument in this state or
312 (C) originated outside this state and terminated in this state and with
313 respect to which such service is charged to a telephone number,
314 customer or account located in this state or to the account of any
315 transmission instrument in this state, or (2) rendered by providing a
316 private interstate telecommunications line on which the customer for
317 such line has two or more locations connected to such line and the
318 charges for which are related to (A) the number of customer locations
319 connected to such line in this state, (B) the distance between customer
320 locations connected to such line in this state, and (C) a portion of such
321 line determined by a ratio, the numerator of which is the number of air
322 miles between the state border and the denominator of which is the
323 number of air miles between said closest connection to the state border
324 in this state and the customer location connected to such line which is
325 closest to the state border outside this state.

326 [(b) For purposes of determining the application of tax under this
327 chapter to cellular mobile telecommunications service in accordance
328 with subdivision (1) of subsection (a) of this section, (A) a call
329 originated from a cellular mobile telephone shall be deemed to have
330 originated in this state if the first site in a cellular telephone system, at

331 which messages to or from cellular mobile telephones are transmitted
332 or received, to establish a completed call is located in this state, (B) a
333 call terminated at a cellular mobile telephone shall be deemed to have
334 terminated in this state if the first such site to transmit the call to such
335 telephone is located in this state, (C) a call originated in this state as
336 described in subparagraph (A) of this subsection shall be deemed to
337 have originated and terminated in this state if the call terminates in
338 this state and (D) a call terminated in this state as described in
339 subparagraph (B) of this subsection shall be deemed to have originated
340 and terminated in this state if the call originates in this state.]

341 (b) For purposes of this subsection:

342 (A) "Mobile telecommunications service" means mobile
343 telecommunications service, as defined in 4 USC 124;

344 (B) "Charges for mobile telecommunications services" means
345 charges for mobile telecommunications services, as defined in 4 USC
346 124;

347 (C) "Home service provider" means home service provider, as
348 defined in 4 USC 124;

349 (D) "Customer" means customer, as defined in 4 USC 124; and

350 (E) "Place of primary use" means place of primary use, as defined in
351 4 USC 124.

352 (2) For purposes of determining the application of tax under this
353 chapter to mobile telecommunications service, all charges for mobile
354 telecommunications services that are deemed to be provided by a
355 customer's home service provider are subject to tax under this chapter,
356 if the customer's place of primary use is within this state, regardless of
357 where the mobile telecommunications services originate, terminate or
358 pass through.

359 (3) Mobile telecommunications services provided in any jurisdiction

360 to a customer, the charges for which are billed by or for the customer's
361 home service provider, shall be deemed to be provided by the
362 customer's home service provider.

363 (4) Notwithstanding any other provision of law, the commissioner
364 may provide an electronic database, as described in 4 USC 119, and
365 any revisions to such database, to a home service provider, and may
366 give any notice described in 4 USC 121 to a home service provider.

367 Sec. 11. Subdivision (62) of section 12-412 of the general statutes is
368 repealed and the following is substituted in lieu thereof:

369 (62) (A) Sales of any of the services enumerated in subdivisions (2)
370 (i), (2) (k) or (2) (l) of section 12-407 that are rendered for a business
371 entity affiliated with the business entity rendering such service in such
372 manner that (i) either business entity in such transaction owns a
373 controlling interest in the other business entity, or (ii) a controlling
374 interest in each business entity in such transaction is owned by the
375 same person or persons or business entity or business entities.

376 (B) For purposes of this subdivision, (i) "business entity" means a
377 corporation, trust, estate, partnership, limited partnership, limited
378 liability partnership, limited liability company, single member limited
379 liability company, sole proprietorship, [and] nonstock corporation or a
380 federally-recognized Indian tribe; (ii) "controlling interest" means, in
381 the case of a business entity that is a corporation, ownership of stock
382 possessing one hundred per cent of the total combined voting power
383 of all classes of stock entitled to vote or one hundred per cent of the
384 total value of shares of all classes of stock of such corporation; in the
385 case of a business entity that is a trust or estate, ownership of a
386 beneficial interest of one hundred per cent in such trust or estate; in the
387 case of a business entity that is a partnership, limited partnership or
388 limited liability partnership, ownership of one hundred per cent of the
389 profits interest or capital interest in such partnership, limited
390 partnership or limited liability partnership; in the case of a limited
391 liability company with more than one member, ownership of one

392 hundred per cent of the profits interest, capital interest or membership
393 interests in such limited liability company; in the case of a business
394 entity that is a sole proprietorship or single member limited liability
395 company, ownership of such sole proprietorship or single member
396 limited liability company; in the case of a business entity that is a
397 nonstock corporation with voting members, control of one hundred
398 per cent of all voting membership interests in such corporation; and in
399 the case of a business entity that is a nonstock corporation with no
400 voting members, control of one hundred per cent of the board of
401 directors of such corporation; (iii) whether a controlling interest in a
402 business entity is owned shall be determined in accordance with
403 Section 267 of the Internal Revenue Code of 1986, or any subsequent
404 corresponding internal revenue code of the United States, as from time
405 to time amended, provided where a controlling interest is owned in a
406 business entity other than a stock corporation, the term "stock" as used
407 in said Section 267 of the Internal Revenue Code means, in the case of a
408 partnership, limited partnership, limited liability partnership or
409 limited liability company treated as a partnership for federal income
410 tax purposes, the profits interest or capital interest in such partnership,
411 in the case of a business entity that is a trust or estate, the beneficial
412 interests in such trust or estate, and in the case of a business entity that
413 is a nonstock corporation, the voting membership interests in such
414 corporation, or if it has no voting members, the control of the board of
415 directors; (iv) a business entity has "control of" the board of directors of
416 a nonstock corporation if one hundred per cent of the voting members
417 of the board of directors are either representatives of, including ex-
418 officio directors, or persons appointed by such business entity, or
419 "control of" one hundred per cent of the voting membership interests
420 in a nonstock corporation if one hundred per cent of the voting
421 membership interests are held by the business entity or by
422 representatives of, including ex-officio members, or persons appointed
423 by such business entity.

424 Sec. 12. Subdivision (1) of subsection (c) of section 12-587 of the
425 general statutes is repealed and the following is substituted in lieu

426 thereof:

427 (c) (1) Any company which imports or causes to be imported into
 428 this state petroleum products for sale, use or consumption in this state,
 429 other than a company subject to and having paid the tax on such
 430 company's gross earnings from first sales of petroleum products
 431 within this state, which earnings include gross earnings attributable to
 432 such imported or caused to be imported petroleum products, in
 433 accordance with subsection (b) of this section, shall pay a quarterly tax
 434 on the consideration given or contracted to be given for such
 435 petroleum product if the consideration given or contracted to be given
 436 for all such deliveries during the quarterly period for which such tax is
 437 to be paid exceeds [one hundred] three thousand dollars. Except as
 438 otherwise provided in subdivision (3) of this subsection, the rate of tax
 439 shall be five per cent. Fuel in the fuel supply tanks of a motor vehicle,
 440 which fuel tanks are directly connected to the engine, shall not be
 441 considered a delivery for the purposes of this subsection.

442 Sec. 13. Subsection (a) of section 12-632 of the general statutes is
 443 repealed and the following is substituted in lieu thereof:

444 (a) (1) [On or before September 1, 1995, and] Except as otherwise
 445 provided in subdivision (2) of this subsection, on or before July first of
 446 each [succeeding] year, any municipality desiring to obtain benefits
 447 under the provisions of this chapter shall, after approval by the
 448 legislative body of such municipality, submit to the Commissioner of
 449 Revenue Services a list on a form prescribed and made available by the
 450 commissioner of programs eligible for investment by business firms
 451 under the provisions of this chapter. Such activities shall consist of
 452 providing neighborhood assistance; job training or education;
 453 community services; crime prevention; energy conservation or
 454 construction or rehabilitation of dwelling units for families of low and
 455 moderate income in the state; donation of money to an open space
 456 acquisition fund of any political subdivision of the state or any
 457 nonprofit land conservation organization which fund qualifies under

458 subsection (h) of section 12-631 and is used for the purchase of land,
459 interest in land or permanent conservation restriction on land, which is
460 to be permanently preserved as protected open space; or any of the
461 activities described in section 12-634, 12-635 or 12-635a. Such list shall
462 indicate, for each program specified: The concept of the program, the
463 neighborhood area to be served, why the program is needed, the
464 estimated amount required to be invested in the program, the
465 suggested plan for implementing the program, the agency designated
466 by the municipality to oversee implementation of the program and
467 such other information as the commissioner may prescribe. Each
468 municipality shall hold at least one public hearing on the subject of
469 which programs shall be included on such list prior to the submission
470 of such list to the commissioner.

471 (2) If any municipality desiring to obtain benefits under the
472 provisions of this chapter submits to the Commissioner of Revenue
473 Services a list on a form prescribed and made available by the
474 commissioner of programs eligible for investment by business firms
475 under the provisions of this chapter after the July first due date, the
476 commissioner shall include the list of programs on the list compiled by
477 the commissioner under subsection (b) of this section if the
478 municipality submits such list no later than fifteen days following such
479 July first due date, provides an explanation for its failure to submit
480 such list on or before such July first due date and submits proof that
481 both the public hearing required by subdivision (1) of this subsection
482 to be held on the programs to be included on such list and the
483 approval of such list by the legislative body of such municipality
484 required by subdivision (1) of this subsection occurred on or before
485 such July first due date.

486 Sec. 14. Subsection (b) of section 12-688 of the general statutes is
487 repealed and the following is substituted in lieu thereof:

488 (b) (1) If the department grants permission to any person to pay tax
489 by electronic funds transfer, such person shall, except as provided in

490 subdivision (2) of this subsection, be regarded, for the period for which
491 such permission is granted, as a person who is required under section
492 12-686 to pay a tax by electronic funds transfer. If such person gives
493 notice, by certified mail, to the department, at least sixty days before
494 the expiration of such period, that such person no longer chooses to
495 pay tax by electronic funds transfer beyond such period, such person
496 shall cease to be regarded as a person who is required under section
497 12-686 to pay a tax by electronic funds transfer after the expiration of
498 such period. If such person does not give such notice, such person
499 shall cease to be regarded as a person who is required under section
500 12-686 to pay tax by electronic funds transfer sixty days after notice is
501 given, by certified mail, to the department that the person no longer
502 chooses to pay tax by electronic funds transfer.

503 (2) If the department grants permission to any person to pay a tax
504 by electronic funds transfer, any tax payment made by electronic funds
505 transfer by such person shall be treated as a tax payment made in a
506 timely manner as long as such transfer is initiated on or before the date
507 such tax is due, notwithstanding the fact that the bank account
508 designated by the department may not be credited by electronic funds
509 transfer for the amount of such payment on or before said due date.

510 Sec. 15. Subsection (a) of section 12-690 of the general statutes is
511 repealed and the following is substituted in lieu thereof:

512 (a) (1) The Commissioner of Revenue Services may permit the filing,
513 by computer transmission or by employing new technology as it is
514 developed, of any return, statement or other document that is required
515 by law or regulation to be filed with said commissioner.

516 (2) The Commissioner of Revenue Services may permit the filing, by
517 computer transmission or by employing new technology as it is
518 developed, by any person of any document that is permitted by law or
519 regulation to be filed with said commissioner, as long as such person
520 and said commissioner have agreed that said commissioner may send
521 any document or notice to such person by computer transmission or

522 by employing new technology as it is developed.

523 Sec. 16. Subdivision (19) of subsection (a) of section 12-701 of the
524 general statutes is repealed and the following is substituted in lieu
525 thereof:

526 (19) "Adjusted gross income" means the adjusted gross income of a
527 natural person with respect to any taxable year, as determined for
528 federal income tax purposes and as properly reported on such person's
529 federal income tax return.

530 Sec. 17. Subdivisions (1) and (2) of subsection (b) of section 12-711 of
531 the general statutes are repealed and the following is substituted in
532 lieu thereof:

533 (b) (1) Items of income, gain, loss and deduction derived from or
534 connected with sources within this state shall be those items
535 attributable to: (A) The ownership or disposition of any interest in real
536 or tangible personal property in this state; [or] (B) a business, trade,
537 profession or occupation carried on in this state; [or] (C) in the case of a
538 shareholder of an S corporation, the ownership of shares issued by
539 such corporation, to the extent determined under section 12-712; or (D)
540 winnings from a wager placed in a lottery conducted by the
541 Connecticut Lottery Corporation, if the proceeds from such wager
542 exceed five thousand dollars.

543 (2) Income from intangible personal property, including annuities,
544 dividends, interest and gains from the disposition of intangible
545 personal property, shall constitute income derived from sources within
546 this state only to the extent that such income is from property
547 employed in a business, trade, profession or occupation carried on in
548 this state or winnings from a wager placed in a lottery conducted by
549 the Connecticut Lottery Corporation, if the proceeds from such wager
550 exceed five thousand dollars.

551 Sec. 18. Subsection (b) of section 22a-132a of the general statutes is

552 repealed and the following is substituted in lieu thereof:

553 (b) Before December thirty-first of each year, the council shall
554 review the anticipated amount of such expenses for the next fiscal
555 year, excluding expenses under subsection (c) of this section, at a
556 public meeting at which interested persons shall be heard. After an
557 opportunity for public comment at such public meeting, the council
558 shall determine the anticipated amount of such expenses and submit
559 its determination to the joint standing committee of the General
560 Assembly having cognizance of appropriations and the budgets of
561 state agencies for its review. The amount of such expenses shall not
562 exceed sixty thousand dollars. The [Commissioner of Revenue
563 Services] council shall apportion and assess the anticipated amount of
564 expenses among [those persons or entities, as defined in subsection (a)
565 of section 22a-132, in the proportion which the waste generated by
566 each such person bears to the aggregate waste generated by all such
567 persons. On June 1, 1992, each person subject to assessment pursuant
568 to this subsection shall submit a return to the Commissioner of
569 Revenue Services, on a form prescribed by the commissioner, together
570 with such assessment for the six-month period ending June 30, 1992.
571 Thereafter, beginning on July 1, 1992, such returns and assessments
572 shall be submitted quarterly] generators of hazardous waste in such
573 manner as the council shall deem appropriate. The [commissioner]
574 council shall deposit all payments received under this subsection with
575 the State Treasurer who shall credit such payments to the Siting
576 Council Fund established under section 16-50v. Such payments shall
577 be accounted for as expenses recovered from generators of hazardous
578 waste.

579 Sec. 19. Subsection (j) of section 38a-88a of the general statutes is
580 repealed and the following is substituted in lieu thereof:

581 (j) The tax credit allowed by this section shall only be available for
582 investments in funds that are not open to additional investments or
583 investors beyond the amount subscribed at the formation of the fund.

584 No credits shall be allowed under this section for investments in any
585 fund created on or after July 1, 2000. With respect to any fund created
586 before July 1, 2000, no credit shall be allowed under this section for
587 investments made in an insurance business through such fund after
588 December 31, 2005.

589 Sec. 20. Subparagraph (A) of subdivision (3) of section 38a-841 of the
590 general statutes is repealed and the following is substituted in lieu
591 thereof:

592 (3) (A) Each insurer paying an assessment under sections 38a-836 to
593 38a-853, inclusive, may offset one hundred per cent of the amount of
594 such assessment against its premium tax liability to this state under
595 chapter 207. Such offset shall be taken over a period of the five
596 successive tax years following the year of payment of the assessment,
597 at the rate of twenty per cent per year of the assessment paid to the
598 association. Each insurer which has offset assessments paid to the
599 association [from] against its premium tax liability to the state shall
600 pay to the [state] Department of Revenue Services one hundred per
601 cent of any sums which are acquired by refund from the association
602 pursuant to subdivision (2) of this section. The association shall
603 promptly notify the [commissioner that such refunds have been made]
604 Commissioner of Revenue Services of the name and address of the
605 insurers to which such refunds have been made, the amount of such
606 refunds and the date on which such refunds were mailed to such
607 insurer. If the amount that an insurer is required to pay to the
608 Department of Revenue Services has not been so paid on or before the
609 thirtieth day after the date of mailing of such refunds, the insurer shall
610 be liable for interest on such amount at the rate of one per cent per
611 month or fraction thereof from such thirtieth day to the date of
612 payment.

613 Sec. 21. Subparagraph (B) of subdivision (3) of section 38a-841 of the
614 general statutes is repealed and the following is substituted in lieu
615 thereof:

616 (B) An insurer, in this subparagraph called "the transferor", may
617 transfer any offset provided under subparagraph (A) of this
618 subdivision to an affiliate, as defined in section 38a-1, of [that insurer]
619 the transferor. Any such transfer of the offset by the transferor and any
620 subsequent transfer or transfers of the same offset shall not affect the
621 obligation of the transferor to pay to the Department of Revenue
622 Services one hundred per cent of any sums which are acquired by
623 refund from the association pursuant to subdivision (2) of this section.
624 Such offset may be taken by any transferee only against the transferee's
625 premium tax liability to this state under chapter 207. The
626 Commissioner of Revenue Services shall not allow such offset to a
627 transferee against its premium tax liability unless the transferor, the
628 affiliate to which the offset was originally transferred, each subsequent
629 transferor and each subsequent transferee have filed such information
630 as may be required by said commissioner with respect to any such
631 transfer or transfers on or before the due date of the premium tax
632 return on which such offset would have been taken by the transferor, if
633 no transfer had been made by the transferor.

634 Sec. 22. Subdivision (1) of subsection (h) of section 38a-866 of the
635 general statutes is repealed and the following is substituted in lieu
636 thereof:

637 (h) (1) Each insurer paying an assessment under sections 38a-858 to
638 38a-875, inclusive, may offset one hundred per cent of the amount of
639 such assessment against its premium tax liability to this state under
640 chapter 207. Such offset shall be taken over a period of the five
641 successive tax years following the year of payment of the assessment,
642 at the rate of twenty per cent per year of the assessment paid to the
643 association. Each insurer which has offset assessments paid to the
644 association against its premium tax liability to the state shall pay to the
645 Department of Revenue Services one hundred per cent of any sums
646 which are acquired by refund from the association pursuant to
647 subsection (f) of this section. The association shall promptly notify the
648 [commissioner] Commissioner of Revenue Services of the name and

649 address of the insurers to which such refunds have been made, the
650 amount of such refunds, and the date on which such refunds were
651 mailed to such insurer. If the amount that an insurer is required to pay
652 to the Department of Revenue Services has not been so paid on or
653 before the thirtieth day after the date of mailing of such refunds, the
654 insurer shall be liable for interest on such amount at the rate of one per
655 cent per month or fraction thereof from such thirtieth day to the date
656 of payment.

657 Sec. 23. Subdivision (2) of subsection (h) of section 38a-866 of the
658 general statutes is repealed and the following is substituted in lieu
659 thereof:

660 (2) An insurer, in this subdivision called "the transferor", may
661 transfer any offset provided under subdivision (1) of this subsection to
662 an affiliate, as defined in section 38a-1, of [that insurer] the transferor.
663 Any such transfer of the offset by the transferor, and any subsequent
664 transfer or transfers of the same offset, shall not affect the obligation of
665 the transferor to pay to the Department of Revenue Services one
666 hundred per cent of any sums which are acquired by refund from the
667 association pursuant to subsection (f) of this section. Such offset may
668 be taken by any transferee only against the transferee's premium tax
669 liability to this state under chapter 207. The Commissioner of Revenue
670 Services shall not allow such offset to a transferee against its premium
671 tax liability unless the transferor, the affiliate to which the offset was
672 originally transferred, each subsequent transferor and each subsequent
673 transferee have filed such information as may be required by said
674 commissioner with respect to any such transfer or transfers on or
675 before the due date of the premium tax return on which such offset
676 would have been taken by the transferor, if no transfer had been made
677 by the transferor.

678 Sec. 24. If a court of competent jurisdiction enters a final judgment
679 on the merits that is based on federal law, is no longer subject to
680 appeal, and substantially limits or impairs the essential elements of

681 Sections 116 to 126, inclusive, of Title 4 of the United States Code, then
682 the amendment made by section 10 of this act to subsection (b) of
683 section 12-407a of the general statutes shall be invalid and have no
684 legal effect as of the date of entry of such judgment.

685 Sec. 25. The intent of the amendment made by section 16 of this act
686 to subdivision (19) of subsection (a) of section 12-701 of the general
687 statutes is to clarify that a natural person's adjusted gross income is not
688 further modified in determining such person's Connecticut adjusted
689 gross income for purposes of chapter 229 of the general statutes, except
690 as expressly provided in subdivision (20) of said subsection (a).

691 Sec. 26. Section 12-223b of the general statutes is repealed.

692 Sec. 27. This act shall take effect from its passage, except that
693 sections 2, 3 and 5 shall apply to income years commencing on and
694 after January 1, 2001, with respect to the petitions filed on or after
695 October 1, 2001; sections 4 and 24 shall apply to income years
696 commencing on and after January 1, 2001; sections 7, 13, 15, 20 and 22
697 shall take effect July 1, 2001; section 12 shall take effect July 1, 2001,
698 and shall apply to payments required to be made on or after said date;
699 section 9 shall take effect October 1, 2001; section 10 shall apply only to
700 customer bills issued after the first day of the first month beginning
701 more than two years after the date of enactment of Public Law No. 106-
702 252; section 11 shall take effect October 1, 2001, and shall apply to sales
703 or purchases made on or after said date; section 16 shall apply to all
704 open tax periods; section 17 shall apply to taxable years commencing
705 on or after January 1, 2001; sections 21 and 23 shall apply to calendar
706 years commencing on or after January 1, 2001; and sections 6 and 8
707 shall take effect January 1, 2002.

Statement of Purpose:

To revise or clarify tax provisions regarding "roll-your-own" tobacco, snuff, cigarette vending machines, mobile communications, lottery winnings, insurance guaranty association assessments and petroleum products; to provide a grace period for submission of Neighborhood

Assistance Act documentation; to provide for certain electronic funds transfers for tax payments; to clarify the computation of personal income tax liability; to provide that the hazardous waste assessment be collected by the Connecticut Siting Council; to enable publication of certain unclaimed tax refunds; to establish and revise certain deadlines for corporation business tax purposes; to add references to federally recognized Indian tribes for purposes of certain sales tax exemptions; to establish an end date for claiming the insurance reinvestment fund tax credit; to allow certain tax documents to be filed electronically; and to clarify the computation of tax owed by "single factor" companies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]